

# Temporary Assistance for Needy Families

A Presentation to the Appropriations  
Committee

Health and Human Resources Subcommittee  
February 9, 2016



# TANF Origins

- TANF replaced the Aid to Families with Dependent Children Program with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
- It changed the program from an entitlement program with very strong federal oversight to a block grant with maximum state flexibility.

# TANF Goal

- To maximize opportunities for TANF recipients to gain the training and job skills they need to become self-sufficient by providing supportive services and a benefit that meet the subsistence needs of the family.

# TANF Overview

- Provides cash and other assistance to eligible needy families with children.
- Funded through an annual \$158.2 million federal block grant.
- The state has flexibility to design/fund programs that address the needs of Virginia's low-income families.
- State is required to spend \$128 million annually in state general funds known as Maintenance of Effort (MOE.)
  - This represents 75% of the amount the state spent on welfare spending in 1994.

# TANF Overview

- TANF programs must meet one of four federal requirements:
  - Provide assistance to needy families so children can be cared for in their own homes or homes of relatives;
  - Must end dependence of needy parents on government benefits by promoting job preparation, work and marriage;
  - Prevent and reduce the incidence of out-of-wedlock pregnancies; and
  - Encourage the formation of two-parent families.
    - Services under the first two purposes are means-tested and activate work requirements and time limits.

# TANF Overview

- There is a 60-month federal lifetime limit on receipt of cash assistance; 2-year state limit.
- Recipients must participate in a program to enhance their employability as a condition of eligibility for assistance, unless exempt.
- State must have 50% of recipients in an allowable work activity or face federal sanctions.



# TANF Overview

- TANF was reauthorized in 2005 – Deficit Reduction Act (DRA); it should have been reauthorized again in 2010 – currently operating on a Continuing Resolution.
- Last reauthorization implemented significant changes in work requirements – narrowly defined work activities.
- Changed the baseline for the caseload reduction credit.

# TANF Benefits

- The TANF income eligibility threshold is about 19% of the federal poverty limit (\$328 for a family of 3.)
- Virginia's benefits are 15<sup>th</sup> lowest in the nation, only states like Mississippi, South Carolina and Georgia being lower.
- By comparison, Virginia ranks 11<sup>th</sup> highest in per capita income.



# TANF Funding Conditions

- Funding for TANF is dependent on the state meeting a 50 percent Work Participation Rate (WPR).
- Failure to meet the WPR results in a 5 percent reduction in the TANF block grant - \$7.9M.
- Additionally, the state must increase its MOE from 75 to 80 percent of FY 1994 spending - \$8M.

# TANF Work Requirements

- States can offset their 50 percent WPR with a caseload reduction credit – a percent reduction in the required WPR for each percentage reduction in the caseload since 2005.
- For FFY 2013, after applying a caseload reduction credit of 15.4 percent, Virginia's new WPR target became 34.6 percent.
- Virginia's actual WPR was 43.1 percent.

# TANF Uses

- While a sizeable portion (\$74.5M) of TANF funds go to direct services to families under purposes 1 and 2 (cash assistance, employment services, child care), TANF funds are also used for program administration:
  - Local Staff and Operations (\$49.5M)
  - Information systems (\$4.0M)
  - Reserve for new eligibility system (\$3.5M)
  - State Administration (\$3.0M)

# TANF Uses

- Under purposes 3 and 4, TANF can be used to fund a variety of programs and services.
- “Expanded Funding” is currently used for:
  - Healthy Families (\$4.3M)
  - Domestic Violence (\$2.3M)
  - Community Action Agencies (\$2.0M)
  - Comprehensive Health Investment Project (\$1.4M)
  - EITC Grants (\$185K)
  - Zion Innovation/Visions of Truth (\$25K each)

# TANF Uses

- States may also transfer up to 30% of the block grant for programs under the Child Care and Development Block Grant and Social Services Block Grant:
  - CCDF for At-Risk child care – (\$7.9M)
  - CCDF for Head Start – (\$2.5M)
  - SSBG for local staff support – (\$6.5M)
  - SSBG for CSA – (\$9.4M)

# TANF Governor's Amendments

## ■ Governor's Proposed TANF Budget Actions:

	FY 2017	FY 2018
■ TANF Benefits Forecast	( \$5.0M)	(\$5.0M)
■ Healthy Families	\$ 6.8M	\$ 6.8M
■ Comprehensive Health Investment Project	\$ 1.0M	\$ 1.0M
■ Long Acting Reversible Contraceptives	\$ 3.0M	\$ 6.0M
■ Zion Network/Visions of Truth	(\$50K)	(\$50K)



# TANF Member Amendments

## ■ Member Amendments using TANF:

Amend #Description		FY 17	FY 18
		TANF	TANF
House:			
342 #1h	Increase TANF Benefit	\$8,862,661	\$9,748,927
342 #2h	Fund TANF Impact of HB 828	\$125,312	\$125,312
342 #3h	Increase TANF Child Support Income Disregard to \$200	\$4,800,000	\$4,800,000
342 #4h	Fund TANF Impact of HB 992	\$125,312	\$125,312
342 #5h	Increase TANF Benefit Annually by CPI	\$1,300,000	\$1,300,000
342 #6h	Prohibit TANF for Existing State-funded Services		
346 #2h	Provide Assistance for Foster Care Youth to Attend College	\$600,000	\$1,200,000
348 #2h	TANF for Boys and Girls Clubs	\$1,000,000	\$1,000,000
348 #3h	Community Action Agencies	\$3,000,000	\$3,000,000
348 #4h	Community Action Agencies	\$3,000,000	\$3,000,000
348 #6h	Back to School Allowance - Backpack Program	\$2,700,000	\$2,700,000
	Total Requests	\$25,513,285	\$26,999,551

# TANF Surplus

- SFY 15 closed with a TANF surplus of \$72.7M.
- There remains a structural imbalance in TANF funding; each year we are appropriating more than we receive in the block grant funding.
- Projected surpluses based on the Governor's proposed budget:
  - \$63.4M SFY 2016
  - \$44.4M SFY 2017
  - \$22.3M SFY 2018

# TANF Surplus

- At the height of the recession, October 2011, we were serving over 37,000 households per month (\$116M per year.)
- We are now serving under 24,000 per month (\$79M per year.)
- In FY 16 alone, we will spend nearly \$41M less in TANF cash assistance than we did in FY 12; total 5 year savings \$140.5M.

# TANF Surplus- Challenges

- The challenge with the TANF surplus is making long-term commitments that may not be sustainable.
- If caseloads start to increase, we must insure that there is sufficient funding to meet the primary purpose of TANF – financial assistance and supportive services to needy eligible families and children.